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The Hon. Mr. P. T. Rajan:—" I beg to move that the Bill be passed into law."

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar:—" I second it."

The motion was put and carried and the Bill was passed into law.

VII.—RESOLUTION *RE* GUARANTEE IN RESPECT OF DEBENTURES ISSUED BY THE CENTRAL LAND MORTGAGE BANK.

*The Hon. Mr. P. T. Rajan:—" Mr. President, I beg to move the following resolution standing in my name:—

'*This Council recommends to Government that they may, under sub-section* (2) *of section* 6 *of the Madras Co-operative Land Mortgage Banks Act,* 1934, *increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Central Land Mortgage Bank to a total face value of Rs.* 100 *lakhs exclusive of such debentures as the bank may from time to time redeem, subject to the periods of issue and the rate of interest specified in the resolution passed by this Council on the 4th August* 1934.'

" Sir, it is needless for me to detain this House for any length of time. 4-30
As has been pointed out in the first sentence of the explanatory note, the House was good enough to pass a similar resolution some time back. Accordingly the Government have guaranteed the principal and interest on the debentures issued by the Central Land Mortgage Bank to the value of Rs. 50 lakhs. As has been explained in the note which has been circulated to hon. Members, the bank has issued debentures under sub-section (1) of section 6 for Rs. 35,20,100; they propose to issue debentures at the rate of Rs. 2 to 3 lakhs for issue of loans to primary banks every year. Therefore the bank wants the guarantee of the Government for further debentures to be issued by it. The Vice-President of the bank approached the Government and asked the Government to raise the guaranteed amount from Rs. 50 lakhs to Rs. 150 lakhs. The Government propose in the first instance to give them another Rs. 50 lakhs, so that when the amount comes to be exhausted, they can come before the House and thus give an opportunity to the House to know how the bank has been working. Before long, the sum of Rs. 50 lakhs guaranteed by the Government would be exhausted. (Mr. P. V. Krishnayya Choudari: 'We do not know how the bank is working; we have not got the annual report.') The annual report can be easily had from the bank. If the House wants copies of the annual report, I shall certainly ask the management of the bank to circulate copies to the Members of the House. From a perusal of the report the House will know how the bank is functioning. In view of this, I hope the House will be pleased to pass the resolution and thus raise the amount guaranteed from Rs. 50 lakhs to Rs. 100 lakhs."

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The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR :—" I second it."

Mr. P. V. KRISHNAYYA CHOUDARI :—" I do not wish to oppose the resolution. But before it is passed, I want some information. When the Hon. Minister wants this House to increase the amount guaranteed, he should supply us with all the relevant information. He has not yet furnished us with copies of the annual report of the Central Land Mortgage Bank. We do not know whether the debentures have been discharged by the bank or not. As long as these debentures are not discharged, we are only helping individuals holding the debentures to profit at the expense of the public. The Hon. Minister should furnish us with all these facts before he comes forward with such a resolution.

" Another point, Sir, we do not know up to what amount debentures have been issued before the Government guaranteed them. I know that the Central Land Mortgage Bank is anxious to increase the loan from Rs. 5,000 to Rs. 10,000. So far, they have not increased the amount. Until that is done, I do not think there is any necessity for this House to guarantee debentures to the value of Rs. 100 lakhs.

" Another point, Sir. The Hon. Minister promised us last time that the bank would be prepared to issue some shares for various districts, so that they can have representation and voice in the management of the Central Land Mortgage Bank. So far, nothing has been done. I myself raised various points about the distribution of shares, when the matter came up before the Council last time. Though the Hon. Minister and the President of the bank promised us, we were not able to get shares. For the last two years I tried and I was not able to get one share. Of course I got some shares in some other manner. Even though I tried to get shares for two years, I was not able to get them. Perhaps the Directors of the bank are anxious to monopolize all the shares themselves. There should be some system of the distribution of the shares so that each district may have some voice in the administration of the bank, instead of there being a clique among the share-holders.

" As we are increasing the responsibility of the Government, we must see that an executive officer is appointed to the bank. An executive officer is appointed even for banks transacting business only to the extent of Rs. 10 or 15 lakhs. The Central Land Mortgage Bank deals with crores of rupees; I do not see any reason why the Government should not take steps to see that an executive officer is appointed to the bank, who will be responsible for its management.

" Another point, Sir. The bank is now functioning only in wet land areas. In several dry-land areas, land mortgage banks have not been opened. These banks are intended both for wet-land areas and dry-land areas. Though I am coming from a wet-land area, I do not know why the land mortgage banks should be opened only in wet-land areas. The Government should state whether they are or not in favour of the banks being opened in the dry-land areas also. I know that the value of the dry land is not equivalent to that of a wet land. The Government

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may fix a lower value for the dry-land area. The bank can give loans of lesser amounts. The House does not know whether there has been increase in the number of banks. I request the Hon. Minister to give us all this information. I suggest that this resolution may be taken up for consideration in the January session."

* Mr. K. Koti Reddi :—" Sir, I also wish to oppose the resolution. Before asking us to vote I hope the Government will furnish us with all the information that would be necessary for coming to a decision on a matter like this. The note does not give any information as to how the bank is working, whether the bank is discharging its duty properly, especially as the Government are guaranteeing the interest on debentures. If the public funds of this province should be given as guarantee for the bank's debentures, I think it is but fair that all the necessary information must be placed before this House, so that we may know about the working of the bank. The annual report of the bank must have been ordered to be circulated to the Members of this House, before the Hon. Minister comes to us for guaranteeing interest on another sum of Rs. 50 lakhs. I think that this item of business can be adjourned to the next meeting of the Council and the Hon. Minister should furnish us with the necessary information in the meanwhile.

" Then, Sir, it is stated in the note that the debentures issued by the bank are being sold at a premium and that they are popular. It is so because the Government have guaranteed these debentures. The debentures that are issued at present are at the rate of 4 per cent. Why does not the Hon. Minister want to give them guarantee for 5 per cent rate of interest, when the 4 per cent debentures are very popular. When you are certain that the debentures are being sold at 4 per cent, there is absolutely no reason why you should guarantee interest at 5 per cent. At the beginning, in order to popularise these debentures, it may be necessary to guarantee rate of interest at 5 per cent. Now it is not necessary to do so at that rate.

" Then, Sir, I am not satisfied with the working of these banks, because as my hon. Friend, Mr. Choudari, pointed out, they are not discharging their duties properly in respect of all the districts in the Presidency. First of all, the very idea that these banks can be started only in wet-land areas is a great drawback in the case of dry areas. This Presidency consists mostly of dry areas, and if the operations of 4-45 p.m. this land mortgage bank are to extend only to wet areas, where is fairness or equity in the general funds of the province being given to an institution which looks after only a particular tract? I hope, Sir, that the Government will see that the land mortgage bank extends its operations not only to wet areas but also to dry areas. Even with regard to wet areas, there is not a single bank in operation in the whole of the Ceded districts. It is said that they are going to have a primary bank in the Rajampet division of the Cuddapah district, but nothing has come out so far. I believe, Sir, it is rather unfair on the part of the Government . . ."

* The Hon. the PRESIDENT :—" May I ask the Hon. the Minister whether he is anxious to have the voting upon this resolution to-day, or whether it cannot be postponed to Monday? If he is anxious to have a vote upon it to-day, we would first of all have to secure a quorum."

* The Hon. Mr. P. T. RAJAN :—" Sir, I am entirely in your hands and in the hands of the House. If the House likes to discuss the matter further, Sir, I have not the slightest objection. In fact I have got all the necessary papers and facts here, and I can give all the information that hon. Members of the House may desire before the resolution is put to vote."

The House then adjourned to meet again at 11 a.m. on Monday, the 4th November 1935.

R. V. KRISHNA AYYAR,
Secretary to the Legislative Council.

TAMIL NADU LEGISLATIVE ASSEMBLY
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